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SUBJECT: ENERGY SECRETARY BODMAN AND UK ENERGY MINISTER WICKS
DISCUSS CASPIAN, CLIMATE CHANGE

11. (SBU) Summary: Energy Secretary Bodman met his UK counterpart Malcolm Wicks to discuss Caspian energy, climate change and nuclear energy issues on November 20. The two agreed on the need for coordinated engagement in the region - particularly with Turkmenistan. End Summary

Caspian Energy

12. (SBU) Secretary Bodman, accompanied by Ambassador Tuttle, described to Minister Wicks the short meeting he had with Turkmenistan President Berdimuhamedov the previous week in Ashgabat. The Turkmenistani President was engaged on market-opening issues, but left the impression that needed reforms and changes were not imminent and that the relationship with Moscow was still of utmost importance. For instance, Secretary Bodman told Wicks, Berdimuhamedov raised three times that Turkmenistan is only interested in selling gas at the border. Secretary Bodman stressed that he wanted to see an opening of Turkmen-Western energy trade, with a TransCaspian pipeline, and the participation of Turkmen gas in the Turkey-Greece-Italy and Nabucco pipelines.

13. (SBU) Wicks described a slightly different attitude when he visited Ashgabat in September. Wicks found the Turkmen, including Berdimuhamedov, actively desirous of Western participation in Turkmenistan. Wicks stressed that the West and the EU member states needed to succeed in opening the Southern Corridor (gas), but questioned whether Russia would permit it to happen. Wicks also conveyed a conversation he had with Berdimuhamedov in which the latter dismissed U.S. and western companies visits to Turkmenistan as "all theory", and contrasted it to the Chinese who speak as one voice and come in with practical projects.

14. (SBU) Despite these concerns, Wicks is optimistic about "beginning a dialogue" with Turkmenistan, and sees an improvement in their relations with Azerbaijan. In fact, he said, Turkmenistan is more focused on a bilateral Caspian agreement with the Azeris than a five-country agreement. The British also pointed to the Turkmen contract with China as proof that they are interested in counter-balancing Russia. Wicks said the UK agrees with U.S. thinking on the necessity for a merger of gas gathering systems. During Wicks' visit to Turkmenistan they agreed to a

series of visitors programs; the first of which will have key Turkmen energy officials visiting Scottish offshore facilities in February. Richard Marriott, International Energy Advisor to Wicks, said the UK will have to bring in U.S. financial experts conversant on Production Sharing Agreements (PSAs) because the UK does not use them. Wicks and Bodman agreed to coordinate on

visits so as to maximize resources and opportunities.

15. (SBU) On European thinking in the Caspian, Wicks told Secretary Bodman that the European Commission is engaged, but Germany and other

Member States have their own contracts with Gazprom so it will be difficult for the EU to speak with one voice. Marriott described meetings with energy companies (reftel) who proposed an incremental approach: creating a merged gathering system for East Caspian gas - a low risk/low profile way to start the process of getting Turkmen gas to the West - as opposed to a big shore-to-shore pipeline which would be high-risk and a lengthy project.

Climate Change

16. (SBU) Secretary Bodman described the U.S. goal of getting an agreement on Climate Change no later than next summer, and stressed the key role of the Major Economies Meetings as part of the overall UN process. He also stressed to Minister Wicks the need for developing country participation by noting that even if the U.S. were to completely eliminate all emissions immediately, it would be insufficient to meet global carbon reduction goals. Wicks agreed on the importance of China and India's roles in reaching any agreement, and said technology is key to any post-2020 settlement.

Nuclear

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17. (SBU) Wicks mentioned the importance of nuclear technology in the climate change solution, and described a bill HMG will put forth

in January on this issue. The UK government is currently in a "re-consultation" period with the British public on nuclear issues, so cannot move forward - or engage in the Global Nuclear Energy Partnership - until that process finishes early next year.

This message was cleared by Secretary Bodman's office.

TUTTLE